

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Impose a Real Estate Transfer Tax Based on the Value of the Property**

**Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. 36 MRSA §4641-A, sub-§1**, as enacted by PL 2001, c. 559, Pt. I, §3 and affected by §15, is repealed.

**Sec. 2. 36 MRSA §4641-A, sub-§1-A** is enacted to read:

**1-A. Deeds.** A tax is imposed on each deed by which any real property in this State is transferred.

A. The rate of tax imposed on the grantee is \$2 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.

B. The rate of tax imposed on the grantor is as set out in this paragraph.

(1) For property valued at less than \$300,000, the tax is \$2 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.

(2) For property valued at \$300,000 or more but less than \$400,000, the tax is \$3 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.

(3) For property valued at \$400,000 or more but less than \$500,000, the tax is \$4 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.

(4) For property valued at \$500,000 or more but less than \$600,000, the tax is \$5 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.

(5) For property valued at \$600,000 or more but less than \$700,000, the tax is \$6 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.

(6) For property valued at \$700,000 or more but less than \$800,000, the tax is \$7 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.

(7) For property valued at \$800,000 or more but less than \$900,000, the tax is \$8 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.

(8) For property valued at \$900,000 or more but less than \$1,000,000, the tax is \$9 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.

(9) For property valued at \$1,000,000 or more, the tax is 1% of the value of the property transferred.

**Sec. 3. 36 MRSA §4641-B, sub-§4,** as amended by PL 2005, c. 644, §4, is further amended to read:

**4. Distribution of State's share of proceeds.** The State Tax Assessor shall pay all net receipts received pursuant to this section to the Treasurer of State; and shall at the same time provide the Treasurer of State with documentation showing the amount of revenues derived from the tax imposed by section 4641-A, subsection 1 and the amount of revenues derived from the tax imposed by section 4641-A, subsection 2. The Treasurer of State shall credit ~~1/2~~10% of the revenues derived from the tax imposed by section 4641-A, subsection 1 to the ~~General Fund~~county where the tax was collected and shall monthly pay ~~45% of~~ the remaining ~~1/2 of such~~ revenues to the Maine State Housing Authority, which shall deposit the funds in the Housing Opportunities for Maine Fund created in Title 30-A, section 4853, except that in fiscal year 2003-04, fiscal year 2004-05 and fiscal year 2005-06, \$7,500,000 of the remaining ~~1/2 of those revenues must be transferred to the General Fund before any payments are made to the Maine State Housing Authority and in fiscal year 2006-07, \$7,687,067 of the remaining~~ 1/245% of those revenues must be transferred to the General Fund before any payments are made to the Maine State Housing Authority and the remaining 45% to the so-called circuit breaker reserve established, maintained and administered by the State Controller from General Fund undedicated revenue within the individual income tax category. If the tax collected is not paid over by the 10th day of the month, the Treasurer of State may impose interest pursuant to section 186. The Treasurer of State shall credit to the General Fund all of the revenues derived from the tax imposed by section 4641-A, subsection 2.

## SUMMARY

This bill changes the rate of the real estate transfer tax imposed on the buyer and seller of real property and the manner of imposition. The buyer of property is charged a flat tax of \$2 per \$1,000 of value of the property being purchased. The seller of the property is charged a tax rate dependent on the value of the property being sold, starting at \$2 per \$1,000 of value of the property for property valued at less than \$300,000, increased for every \$100,000 in property value by \$1 per \$1,000 of the value of the property being sold. A maximum tax rate of 1% of the value of the property being sold is reached for property valued at \$1,000,000 or more.

Ten percent of the revenue from the tax is credited to the county where the tax was collected, 45% to the Maine State Housing Authority and 45% to the so-called circuit breaker reserve to fund the Maine Residents Property Tax Program.